



Bureau of Insurance Statement Regarding Maine Community Health Options

May 16, 2019

This statement discusses the key March financial results for Maine Community Health Options (“CHO”) compared to its 2019 Business Plan provided to the Bureau of Insurance (BOI).

CHO reported net income of \$1.2 million for the month of March, which compares to the Plan’s projected loss of \$0.2 million. Year-to-date net income was a reported \$3.8 million compared to the Plan’s expected \$0.8 million of net income during the period. As of March 31, 2019, capital and surplus were a reported \$62.2 million, a \$4.9 million increase (8.5%) from \$57.3 million as of December 31, 2018.

The Company’s reported bonds, cash, cash equivalents, and short term investments at the end of March totaled \$171.3 million, a \$9.9 million (6.1%) increase from \$161.4 million at December 31, 2018. These assets exceed the Company’s accrued liabilities for member- and provider-related obligations and the BOI remains comfortable that CHO has adequate assets to meet its current obligations to its members and their health care providers.

CHO had total membership of 40,591 during March (75.5% individual, 20.7% small group, and 3.9% large group). This reflects a 19.0% drop in total membership from December 31, 2018 when it was 50,128 (79.4% individual, 17.4% small group, and 3.2% large group.) A drop in membership was expected due in part to the entry of another insurer into the Maine Affordable Care Act Marketplace as of January 1, 2019 and other factors such as repeal of the individual mandate and associated tax penalty. CHO’s actual March membership was slightly lower (0.8%) than the Plan projection for the month.

The reported percentage of the Net Outstanding Claims Inventory (which is the total pending Net Submitted Dollar Amount at March 31, 2019) in the 0-30 day period (89.9%) was essentially the same as the figure reported for February 28, 2019 (90.0%). The 0-60 day period inventory (96.2%) was slightly lower than reported for February (96.6%). The BOI is monitoring the aging of the claim inventory on a weekly basis, so more recent information is available. CHO reports that as of May 6, 2019, the percentage of Net Outstanding Claim Submissions in the 0-30 day period was 84.6% and in the 0-60 day period 96.9%. The age of the average claim in CHO’s inventory on May 6 was reported to be 6.8 days.

During March, CHO increased its aggregate health policy reserves by \$3.7 million from the February 28, 2019 level (this consists of a \$2.0 million increase in the 2019 policy reserve to a total of \$11.1 million and a \$1.7 million accrual for estimated 2019 risk adjustment obligations to a total of \$5.1 million). The \$15.8 million premium deficiency reserve for 2019 (accrued as of

December 31, 2018) remains unchanged since it was initially reported. Management advises the BOI that these were conservative steps taken awaiting runout of the 2018 claim obligations and announcement of its Risk Adjustment obligation for 2018 (expected by July).